



April 23, 2003

Secretary
Federal Trade Commission
Room 159
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Sir/Madam,

Privacy Council Inc. commends the Federal Trade Commission for calling the June 4, 2003 technology workshop to provide a public forum to discuss "Technologies for Protecting Personal Information: The Business Experience." Privacy Council is a company that helps businesses and federal, state and local governments effectively manage privacy and data protection issues. We welcome this opportunity to provide comments to help further the business community's understanding of this important issue.

For many businesses today, the personal information collected from consumers is regarded as a core asset that, if managed properly, can lead to increased customer trust and loyalty. However, if misused, the opposite is true and can result in lost business and increased legal liabilities. Therefore, the new and growing imperative for businesses today is to manage and protect personal information in an effective and proactive way that meets their needs as well as the privacy and security expectations of their consumers.

To respond to this need, successful business managers must first understand that privacy no longer is a standalone issue to be delegated to one person or division within an organization. To the contrary -- today's savvy executive understands that privacy is a broad management issue that impacts the entire enterprise and requires a practical business solution, i.e., a privacy management process.¹

Avoiding the "Silo Effect." Managing privacy as a process means bringing a business organization together and making a commitment to handle privacy and data protection concerns in a proactive way. When coping with these concerns, organizations all too often suffer from the "silo effect," i.e., they tend to manage information within individual departments and not on an enterprise-wide basis. These individual silos seldom view customer or employee records comprehensively, making it almost impossible for a business to comply with laws,

¹ The *Privacy Management Process* is a registered trademark of Privacy Council, Inc.

regulations and its own privacy policies and practices. An all too often example of this occurs when the legal department writes a privacy policy that does not actually reflect how the customer service, marketing or technical department ultimately uses the information the business collects. Therefore, a critical first step for any business organization is to recognize this silo effect and commit to responsibly managing privacy and data through an integrated privacy approach.

A privacy management program enables a business to tackle the silo effect in a methodical, step-by-step way. By undertaking such a process, a business can ultimately reach and maintain the important goal of strong privacy compliance as expected by customers and employees. Privacy Council's own proprietary methodology recommends the following steps for businesses large and small:

- ➔ ***Establish*** privacy as a priority
- ➔ ***Assess*** the current privacy environment
- ➔ ***Organize*** available privacy resources
- ➔ ***Develop*** privacy policies, practices and procedures
- ➔ ***Implement*** a privacy program
- ➔ ***Maintain*** and monitoring the privacy program
- ➔ ***Manage*** privacy problems

Understanding Online Privacy Issues. A crucial part of any privacy management process is technology. Specifically, technologies that can help an organization understand and maintain their information practices in the online environment. To aid them in managing their online privacy concerns, many businesses rely upon Web analyzer tools, such as Privacy Council's software, *Privacy Scan*[™].

Privacy Scan is a Web-crawling technology that identifies and inventories the mechanisms that collect personal information from individuals online. The tool gives business managers the essential information needed about Web site privacy issues arising from: HTML form pages (where Web users submit personal information online), cookies (first and third party), Web server log files, databases, P3P compact policies, privacy policy pages, security and information sharing with third parties. In short, a Web crawler is a simple tool that helps a business verify that it is actually doing what its online privacy policy says it is doing.

Protecting Your Network. However, in order to establish an effective and responsible privacy management process, a sound information security program also is required. Flaws and weaknesses in computer networks can jeopardize the security of data. Therefore, it is critical that businesses periodically assess their networks for vulnerabilities. Fortunately, there are many solutions in this area, including Privacy Council's Network Vulnerability Assessment Service, which performs a non-intrusive scan of a computer system. Through such

services, businesses can gain valuable information on their network security vulnerabilities in an effort to address any weaknesses before breaches occur.

In closing, Privacy Council believes that the most effective privacy and data protection management program is one that employs a methodical process as well as technology to address both online privacy and security concerns. Only through this comprehensive approach will business managers successfully address the new imperative of protecting the privacy and security of personal information. The good news is that the emerging privacy marketplace offers businesses large and small a wide array of information, tools and services to help support this important management effort.

Thank you again for the opportunity to comment on this important topic. If you have any questions, please feel free to contact me at 972-997-4044 or by email at gary.clayton@privacycouncil.com.

Sincerely,

Gary Clayton
Chief Executive Officer and President
Privacy Council